

Duty on Automobiles

- Loss to municipalities:
  - Loss of population.
  - Reduction of land values.
  - Lower assessments.
  - Loss in taxes.
- Loss to Dominion of Canada:
  - Loss of skilled workers.
  - Reduction population.
  - Retarded development of natural resources.
  - Balance of trade adversely affected.
  - General retarding of manufacturing.

The question has been asked why the manufacturer of automobiles in Canada cannot produce and put on the market as cheap a car as can be sold in the United States, even leaving aside taxes and duties. Putting the manufacturers in the two countries on an equal footing, what are the reasons why the competition even then would tell against the Canadian producer. Let me give the House some reasons why cars produced in Canada cost more than those produced in the United States. The main reasons are that quantity production is less, resulting in higher cost; there is a considerable purchase of materials from outside countries on which duty is collected; machinery and equipment are largely purchased abroad, carrying a duty of 27½ per cent; materials purchased from Canadian manufacturers are higher in cost because those manufacturers have been required to pay a duty on their raw materials; the cost of these materials is further increased because of small production; the cost of distribution in Canada is greater because of wide area and small volume, this item alone accounting for at least 10 per cent. Furthermore, the car produced in Canada contains certain refinements for which no credit is given when making price comparisons with similar cars produced in the United States. Then again, the car as listed in Canada includes certain extras not included in the United States list, and the latter list prices are usually on an f.o.b. factory basis, while in Canada they are on a delivered basis. In addition to these items of higher cost, dealers in Canada require a greater margin on their business because of its small volume. The following comparison bears this out:

Canadian dealers' margin to United States dealers' margin	
United States dealers 100 per cent	Per cent
Buick. . . . .	153
Chevrolet. . . . .	144
Oakland. . . . .	146
Oldsmobile. . . . .	157
Cadillac. . . . .	150
Truck. . . . .	144

In this connection I may mention that Canadian dealers last year made less than one per cent as a clear profit on their turnover.

[Mr. Kaiser.]

The automobile industry means the expenditure in Canada of vast sums of money for wages, materials, taxes, transportation charges and so on. The following statement gives at a glance the Canadian expenditures made by General Motors of Canada during 1925:

General Motors	
Canadian expenditures during year 1925	
Materials purchased from Canadian manufacturers. . . . .	\$ 9,942,368
Paid employees. . . . .	5,187,859
Paid federal government, duty less drawback, sales tax, excise tax, etc. . . . .	5,498,463
Paid to railroads for freight, express and cartage. . . . .	2,664,204
Paid for factory improvements, tools, jigs, supplies, etc. . . . .	1,201,244
Expended on branch operations, parts depots, etc. . . . .	1,864,544
Dividends to 1,243 Canadian stockholders paid from New York on stock in General Motors Corporation. . . . .	1,085,464
	\$27,444,146

It has been stated that 80 per cent of the stockholders in this industry are people of the United States. I doubt very much the accuracy of this statement, for even in the Oshawa district alone we have hundreds of stockholders in our automobile plants, many of them farmers. Now I come to the domestic and export side of the automobile business. For the calendar year 1925 the sales of General Motors of Canada, Limited, were divided in these proportions: Domestic 55 per cent; export 45 per cent. Do we Canadians ever take cognizance of the fact, I wonder, that this one company has developed its Canadian industry to such an extent that within a few years the volume of its export business is the second largest of that of any motor company in the world?

Mr. FORKE: It weakens your argument.

Mr. KAISER: Everything weakens an argument to my hon. friend here except one thing, that is how to get a cent or two more for a bushel of wheat. Are we to be governed in this country by two or three men whose vision of Canada begins at their barn door and ends with their line fence?

Some hon. MEMBERS: Order.

Mr. KAISER: Well, every argument in favour of Canadian industry is questioned. The only argument that appeals to some of my hon. friends is how they may get an extra cent a bushel for their wheat. We want the people in the west to be prosperous, but we do ask them not to be dominated by the idea that wherever a little prosperity in other lines is manifested in Canada it must be de-